

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 714 - SB 889**

March 25, 2015

**SUMMARY OF BILL:** Prohibits the results of a survey, inspection, or an investigation of a health care provider that is conducted by any state or federal department or agency from being admissible in evidence or otherwise used in any health care liability action in any court or arbitration proceeding; or used in an advertisement except in limited circumstances. These prohibitions are not applicable to the results of a survey, inspections, or investigations being used in an administrative proceeding or an appeal of an administrative proceeding initiated by a state or federal department or agency or from being used to impeach a witness in a health care liability action.

**ESTIMATED FISCAL IMPACT:**

**Decrease State Revenue - \$5,000,000**

Assumptions:

- Based on information provided by the Bureau of TennCare, the Office of the Attorney General and Reporter has a distinct division that pursues Medicaid fraud. The division works closely with the Division of Health Care Finance and Administration's (HCFA) Program Integrity unit with data analytics and other specific investigation functions.
- The results of these investigations are used as evidence in Medicaid fraud related proceedings. The unit has recovered approximately \$153,000,000 since 2007, the majority of which has been returned to the General Fund.
- The provisions of the bill will prohibit these investigations from being included in the Medicaid fraud related proceedings and resulting in a decrease in recovery revenue being collected.
- The recoveries vary greatly from year-to-year, but the average annual recovery over the past seven years (2007 – 2014) is \$21,857,143 (\$153,000,000 / 7 years).
- The amount of recovery in 2013 was \$21,681,083 and the amount of recovery in 2014 was \$9,731,102.
- The provisions of the bill are reasonably estimated to reduce revenue in an amount that exceeds \$5,000,000 annually.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink, reading "Jeffrey L. Spalding". The signature is written in a cursive, flowing style.

Jeffrey L. Spalding, Executive Director

/kml